

RESIDENTIA

Investment fund under Swiss law in the "real estate funds" category.

**Non-audited semestrial report
June 30, 2017**

RESIDENTIA is an investment fund under Swiss law in the "real estate funds" category within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) (hereinafter referred to as the "fund" or the "real estate fund"). The fund contract was drawn up by FidFund Management SA, as Fund Management Company, with the approval of the custodian bank Cornèr Banca SA. It was submitted to the Swiss Financial Market Supervisory Authority (FINMA), which approved it for the first time on 20 March 2009.

The real estate fund is based on a collective investment agreement (the fund contract) under which the fund management company undertakes to provide investors with a stake in the investment fund in proportion to the fund units they acquire, and to manage the fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is a party to the fund contract in consequence of the tasks conferred upon it by law and the fund contract.

In accordance with the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

The real estate fund is not divided into unit classes.

Fund management company

FidFund Management SA

Route de Signy 35
CH-1260 Nyon / VD

Custodian bank

Cornèr Banca SA

Via Canova 16
CH – 6900 Lugano

FidFund Management SA

Board of Directors

Marc Lüthi	Chairman
Philippe Bens	Director
Didier Brosset	Director
Philippe de Cibeins	Director
Guillaume Fromont	Director
Alain Golaz	Director
Robert Pennone	Director

Fund Management Company

Nicolas Mégevand	Managing Director
Chrstophe Audousset	Deputy Director

Investment committee

(Without decision-making power)

Lorenzo Orsi	Certified architect (ETH Zurich) and member of the REG A, SIA, OTIA and ASIAT
Claudio Genasci	Member of the management team, Banca Dello Stato del Cantone Ticino

Investment committee advisor

(Without decision-making power)

Matteo Pagani	Studio Fiduciario Pagani SA, Lugano
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Valuation experts

Omar Antonelli	Certified architect STS OTIA, Lugano
Mirko Fasola	ES technician, Lugano
Pascal Brühlhart	International real estate economist (BAK), MAS Real Estate Management (FHO), MRICS, Ponte Tresa. (until March 31, 2017)

Real estate management

Assofide SA, Locarno
Comafim SA, Lugano
Privera SA, Lugano
Fiduciaria Antonini SA, Lugano

Custodian bank

Cornèr Banca SA, Lugano

Auditors

KPMG SA
Rue de Lyon 111, 1203 Genève

Promoters

Studio Fiduciario Pagani SA
Banca dello Stato des Cantone Ticino

Residentia is an investment fund under Swiss in the real estate funds category. The fund invests exclusively in :

- real estate assets located in southern Switzerland (Ticino, Grisons);
- residential properties and mixed-use buildings;
- and to a lesser extent, properties of an exclusively or predominantly commercial nature, including properties used by the manufacturing and hotel industries.

The fund's objective is to preserve the value of its investments and the appropriate distribution of the income earned by them over the long term by creating a stable, actively managed asset portfolio.

Investment advisor's report

The year 2017 got off to a good start for the Residentia Fund and has many important events in store.

Indeed, the first part of the year saw the completion of several initiatives that had been launched during previous half-years, and the way was paved for major strategies that we hope will ensure even greater success in the years to come.

The conversion and extension of the former Hotel Alba Minusio was completed as per the expected procedures and costs. Since this spring, 17 new apartments have been completed and made available, ranging from studios at the back to beautiful 3.5-room apartments with a lake view. On 30 June, we were extremely pleased to see that 10 apartments had already been leased for slightly higher rents than initially quoted (CHF 230/m² as against CHF 220/m²), a margin that gives us confidence that the remaining apartments will soon be leased. We are now working actively to sell the two lofts, the work on which has been suspended to allow potential buyers to customise and complete the apartments according to their own wishes. Once the sale and leasing is complete, the property should provide a profitability of over 5.20%.

For early July, the work was completed of the second construction site that was started last year to expand and renovate a building of 14 apartments in Via in Selva in Locarno, which are intended for sale. The work was assigned to a major company in Locarno as a general contractor, and was conducted according to schedule. We optimised only the ongoing project according to the indications provided by the market as and when (extension of balconies and optimisation of the central heating plant). We have currently already sold or received deposits for 6 units of different sizes and spaces which, according to estimates, should secure an important gross profitability once the transaction has been concluded.

Alongside these transactions beginning the previous year, Residentia was actively engaged in seeking out the opportunities provided by the market, which the Fund seized the moment they presented themselves. In the first six months of the year, the Fund was able to finalise the purchase of a major building complex in Mendrisio and complete the full acquisition of a shopping centre that it had already partially owned. These two transactions made it possible to optimise all of the liquidity and leverage available to the Fund and ensure major areas for future development.

Indeed, the purchase of the Mendrisio property has attractive current profitability thanks to the size of the complex consisting of 9 apartments, 4 shops (including a Denner supermarket), 8 offices and over 100 car parking spaces, as well as a number of future benefits: the complex is strategically located opposite Mendrisio train station and is extremely convenient for the renewed motorway exits; in the near future, it will also benefit from major development projects backed by the City with the support of the Canton. In the next few years, a new national centre of architectural expertise is set to open thanks to the partnership between the Academy of Architecture of Mendrisio and the professional university of swiss-italian territory (SUPSI). Moreover, the Canton is making major investment to strengthen the railway connections in Mendrisio with a new line that will soon provide a link with Varese and Malpensa International Airport. To date, the complex built in the mid 90s has considerable architectural merits (being designed by the renowned architect Tita Carloni). It cost CHF 20m and generates a rental income of approximately CHF 1.1m, to which we must add a development potential of nearly 1,500 m² for which a project has already been approved for a new 12-apartment building. The Fund has already started the bidding process to launch the work and the optimisation of the existing project which is currently rather outdated. In this regard, it is possible that the number of apartments may increase by optimising its size following the above-mentioned university projects. At this early stage, an investment of approx. CHF 8m is estimated for the creation of the building.

Also during the first quarter of 2017, we were presented with the opportunity to purchase the entire Luserte Shopping Centre in Quartino, where we had already owned nearly 800/1000 of the complex. Considering the strategic location of the thousandths for sale (street-facing on the ground floor), the quality of the current tenants (a Renault dealer, bar and craft workshop), as well as the ability to optimise the operating costs of the interior complex, we immediately proceeded with the purchase. For a cost of CHF 3.665m, Residentia can benefit from additional CHF 195,000 in proceeds from leasing, as well as a development potential of a further 4,000 m², which have now been released thanks to having full ownership of the property. This acquisition has made it possible to boost the total value of the entire property by approx. CHF 700,000 thanks to the square metres that can now be used to expand the Centre. Residentia immediately commissioned one of its trusted architects so that permission could be obtained to take advantage of this major development potential by raising the entire complex by two extra floors.

In addition, it should be recalled that the Fund is in the process of raising the building in Via Ghiringhelli in Bellinzona by one floor, where there were some setbacks unfortunately, mainly due to the bad weather that hit Ticino this spring. Construction of 4 new apartments did not experience any major delays, but some difficulties were encountered in the building due to seeping, the damage of which is still being assessed by the insurance companies involved. The other project to construct a new building in Biasca is experiencing delays due to opposition from neighbours over matters that do not relate specifically to the project, but rather to previous disputes with the municipal authorities. For this reason, we are highly confident that we will be granted the permission in the coming months.

At the same time, as already announced in the previous half-years, various activities are underway to promote and optimise the major Morenal complex in Montecarasso. Through collaboration with a major Local Architecture Studio, we are developing the project for a new building that should fit harmoniously into the existing complex, enhancing its architectural appearance and optimising its residential use. Indeed, we expect to create 16 innovative small-medium sized apartments (3.5 and 2.5 rooms) with additional shop/office space to be installed on the ground floor, making a total rentable area of 2,200 m². The paperwork to obtain the building permission is due to be submitted before the end of summer. In addition to the new construction, the Fund is also focusing on enhancing the existing spaces.

Indeed, in the coming months, we plan to convert 6 of the complex's current 21 duplex 4.5-room apartments into 12 new 2.5-room apartments to provide better quality of life for the elderly residents of the complex, as they have been specially designed to be free of the architectural barriers currently found in many duplexes. This conversion will also facilitate the reintegration of the currently vacant units, as well as a rise in profitability per square metre.

Despite having numerous activities underway on the existing building stock, Residentia is constantly planning for its future and is working actively to ensure sustainable and consistent development for its investors. With this in mind, given the ever-growing interest of Swiss investors in the Ticino property market, Residentia has quickly proceeded to select and secure major real estate opportunities for the second half of the year. As such, the Fund has identified and secured 5 properties which will enhance our portfolio over the coming months once the capital increase planned for the first part of the second half has been completed.

The structure of Residentia's team has also undergone some major changes as new figures have joined, who will bring the Fund further real estate expertise and further internalise several processes which are currently assigned to administration, yet which the Fund believes it can accomplish more quickly and effectively by having direct control. A resource was hired in previous half-years to promote and market certain properties in the Fund's portfolio, and this half, the Team was completed by recruiting an expert to support administration with the technical management of all properties. This role will optimise the projects, reducing their cost and timeframes, and boosting the Fund's profitability.

What is more, a number of initiatives and innovative activities are in progress to make the Fund and its properties more attractive with the current tenants and new tenants especially. While we are continuing to see a rush for rental properties in Ticino, the constant entry of new properties and considerable construction projects has changed the offer available to potential renters. To make Residentia's apartments more attractive while retaining the existing tenants, the Fund is entering into a series of partnerships with various major Cantonal service providers. The aim is to offer tenants a range of commercial benefits that can only be obtained by leasing the properties made available by Residentia.

In economic terms, we are very satisfied with what we have achieved in these first 6 months of the year. Previous acquisitions have generated – and are continuing to generate – the economic return forecast. Indeed, we have seen an over 20% rise in rental revenues compared to the same period last year. Due to the increased value of the managed properties (from approx. 163m in June 2016 to the current 193m), the overall costs have also undergone a – very marginal – increase from the NAV of the previous year (1.82% NAV for June 2016 compared to the current 1.85%). This indicates how the substantial increase of the Fund has generated greater revenues in the face of constant costs (revenues for June 2016 equal to the 2.45% of NAV compared to the current 2.93%). This data is confirmed by the EBIT margin which, since June 2016, has undergone a steady increase: from 48.39% at 30.6.2016, to 47.90% in December 2016, to today's 51.47%.

The Fund's effective management and constant pursuit of cost optimisation can also be seen from the continuing decline in TER compared to past half-years: dropping from 1.50% NAV in June 2015, to 1.43% in June 2016, to the current 1.20%. A constant decrease over the last 4 six-month periods amounting to 20% within two years.

An important average vacancy figure is to be reported which, however, is due to a series of measures that the Fund is promptly carrying out on some buildings, i.e. Via Ghiringhelli (18% vacant) which we are raising by one floor; over the past few months we have received notices of termination due to the inconvenience caused, but this has allowed us to completely renew the apartments while taking advantage of the works already in progress. Via in Selva in Locarno: still completely empty (100% vacant) for expansion, renovation and subsequent sale for properties by floor currently underway. Via Fusoni in Lugano (15%): real estate with major rental potential, where most tenants' leases have been terminated in order to renovate the apartments and adjust the rents for the central area of Lugano – a process which is currently ongoing. Via Cantonale in Manno (33%): commercial property for which we received notices of termination for the end of December 2016 for half of the spaces, something which was very positive from our point of view as it is allowing us to re-let the spaces at market prices (compared to the previous rents which were much lower). Morena Montecarasso (14%): mainly duplex 4.5-room apartments which, as of October, will be partly converted into 2.5-room units as described above. In addition to these specific considerations, the Residentia Fund is obtaining innovative tools to give the building stock an original attractiveness and cost-efficiency, both for tenants and investors as mentioned above.

NAV valuation and calculation principles

The net asset value of the real estate fund is calculated based on the market value at the end of the financial period and for each issue of units in Swiss francs.

The fund management company instructs independent valuation experts to assess the market value of the properties held by the real estate fund at the end of each six-month period and whenever new units are issued. To do this, the fund management company, with the approval of the supervisory authority, appoints at least two individuals or one company as independent valuation experts. The inspection of the properties by the valuation experts should be repeated at least once every three years. Lors de l'acquisition / cession d'immeubles, la direction du fonds doit faire préalablement estimer lesdits immeubles. At the time of sale, a new estimate is not required if the existing estimate is not older than three months and if the conditions have not changed considerably.

The evaluation of undeveloped land is carried out according to the principle of effective costs. This evaluation is subject to an annual depreciation test.

Investments listed on a stock exchange or traded on another regulated market open to the public are valued at their principal market price. Other investments or investments for which no current market value is available are valued at the price that would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company uses appropriate and recognized valuation models and principles to determine the market value.

Open-ended collective investment schemes are valued at their redemption price and/or net asset value. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company may value such funds in accordance with the previous paragraph.

The value of short-term fixed-interest securities (money market instruments) that are not traded on a stock exchange or on a regulated market open to the public is calculated as follows: the valuation price of such investments is subsequently adapted to the redemption price, based on the net acquisition price, maintaining the same return on investment calculated as a result. If there are significant changes in market conditions, the valuation basis of the different investments is adjusted in line with the new market returns. If the current market price is not available, reference is normally made to the valuation of money market instruments with the same characteristics (issuer's rating and registered office, issue currency and term).

Bank and postal deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or credit rating, the valuation principles for time deposits will be adjusted in line with the new circumstances.

The properties are valued for the real estate fund in accordance with the SFAMA instruction in force regarding the real estate funds.

The net asset value of a unit is determined by the market value of the fund's assets, less any liabilities of the fund and any taxes levied on the fund's liquidation, divided by the number of units in circulation. Figures are rounded to CHF 0.05.

DCF valuation model

The valuation experts use a DCF valuation model that meets international standards and takes into account the guidelines of the TEGoVA (The European Group of Valuers' Associations) and the RICS (The Royal Institution of Chartered Surveyors), along with those of the IVSC (International Valuation Standards Committee), the SVS (Swiss Valuation Standards), the SEK/SVIT, SIV (Schweizerischer Immobilienschätzer Verband) and the CEI (Chambre suisse d'experts en estimations immobilières).

Market value or fair value is the estimated amount at which a property would be traded at the valuation date between a willing buyer and seller in a normal transaction on the open market where the parties have each acted knowingly, prudently and without constraint.

Market value does not include any transaction financing costs, commissions, taxes or change of ownership costs, or any capital gains tax. Conversely, real estate taxes are taken into account in the valuation.

The discounted cash flow method calculates returns based on future incomings and outgoings. It includes potential future cash flow forecasts in relation to a property's location and use.

Gross annual income (net rental income) is defined based on current income and any market potential. Any loss of income due to vacancy risk is also taken into account. Furthermore, operating costs and maintenance and renovation costs that cannot be passed on to tenants are deducted.

The residual value is obtained by capitalising the net cash flow from the 11th year and taking into account future unscheduled maintenance costs that cannot be passed on to tenants. The location, use and state of repair of the building at that precise moment are factored into the capitalisation. Cyclical renovation costs after a ten-year period are calculated as a percentage of the building's value, adjusted for any increases (CapEx).

The rental income taken into consideration is based on information received from the property owners or management company. The calculation model ignores differences between rental conditions linked to the mortgage rate but does take account of index-linked contracts. In the valuation model, apart from factoring in rent reviews, the predicted growth in rental income is based on the options permitted under tenancy law, while taking into account the maximum market conditions.

The market potential is based on the market rent corresponding to the location parameters, type of property, rental area, number of rooms, fixtures and fittings, services and similar.

The valuation is verified and adjusted where necessary, depending on the property, by market specialists.

Legal basis for the valuation of rental income: Valuations are subject to changes in the IPC index over the next 10 years. For residential properties, rent reviews take into account the increase in the value of the property. In contracts for commercial or office properties, indexing is applied in accordance with the contractual terms.

Market potential is valued based on the provisions of tenancy law and market conditions.

Rental area: The rental area is based on the information provided by management. We operate on the assumption that this information complies with the definitions given in applicable standards. In rare cases where areas are calculated from plans, the net effective surface area is used.

Maintenance and renovation expenses comprise all works carried out, such as repairs, that cannot be passed on to tenants. Renovation includes non-recurring investments such as building renovations or improvements, etc. The percentage of these costs that corresponds to an increase in the property value is capitalised and to a certain extent reflected in rents.

The market value of each property represents the price that is likely to be achieved in the presence of a normal deal flow and assuming a diligent purchase and sale transaction. Any opportunities arising, particularly during the purchase and sale of the fund's properties, are exploited on a case-by-case basis in the best interests of the fund. This may lead to differences compared with the valuations.

Capitalisation rate as at June 30, 2017

The capitalisation rate is 3.75%. (Average 10-year swap of the last 4 years: 1.55%; debt ratio: 1.20%; inflation rate: 1.00%)
The discount rates varie between 3.78% (minimum) and 4.50% (maximum), with a weighted average of 4.04%.

Information on matters of particular economic or legal significance**Disputes**

We are involved in a dispute relating to the leasing rights to a property sold, amounting to CHF 112,000. No reserves for this amount have been created in the accounts because it consists of a shortfall in earnings.

RESIDENTIA**Summary figures**

		June 30, 2016	June 30, 2017
Total assets	CHF	171'043'753.63	197'371'943.87
Net fund assets	CHF	134'188'650.63	137'754'220.67
Estimated market value of completed properties	CHF	163'610'000.00	193'800'000.00
Estimated market value of properties under construction (including land)	CHF	0.00	0.00

	Units outstanding	Net assets CHF	Net asset value per unit CHF	Net income distribution CHF	Capital gains distribution CHF	Total CHF
31.12.2010	39'938	41'337'560.47	1'035.05	9.35	0.00	9.35
31.12.2011	39'938	41'623'094.82	1'042.20	19.75	0.00	19.75
31.12.2012	68'388	75'113'699.44	1'098.35	24.42	0.00	24.42
31.12.2013	68'388	76'010'399.74	1'111.45	26.02	8.35	34.37
31.12.2014	68'388	75'712'234.11	1'107.10	29.39	2.28	31.67
31.12.2015	1'000'608	112'957'366.46	112.90	3.28	0.00	3.28
31.12.2016	1'200'713	138'679'280.64	115.50	2.06	0.87	2.93
30.06.2017	1'200'713	137'754'220.67	114.75	0.00	0.00	0.00

Above distributions result from annual and semi-annual distributions

Indices calculated according to SFAMA directive

	June 30, 2017
Return default rate.....	15.28 %
Borrowing ratio	28.27 %
Operating profit margin (EBIT).....	51.47 %
TER _{REF} GAV.....	1.00 %
TER _{REF} MV.....	1.20 %
Gearing).....	30.21 %
Return on equity (ROE 01.01.17 - 30.06.2017).....	1.87 %
Premium as at 30.06.2017.....	21.05 %
Investment Yield	4.28 %
Return on Invested Capital.....	1.52 %

Performance of the Résidentia Fund (reinvested dividends)

	2016	2017 ⁽¹⁾	since launch ⁽²⁾	accounting period 31.12.16 - 30.06.17
Residentia	13.68%	10.80%	63.23%	10.80%
SXI Real Estate Funds Index*	6.85%	7.17%	73.98%	7.17%

* The SXI Real Estate Funds TR benchmark index includes all Swiss real estate funds listed on SIX Swiss Exchange. Their weighting in the index is determined by their market capitalisation. Dividend payments are taken into account when calculating the SWIT performance index.

Past performance is not an indicator of current or future performance.

Performance figures do not take into account commissions and fees paid when units are issued or redeemed.

¹ until 30.06.2017

² from 1.07.2009 to 30.06.2017 (cumulative performance)

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Statement of assets and liabilities

	30.06.2016	30.06.2017
	CHF	CHF
Assets		
Bank assets		
Demand deposits	5'625'495.25	1'985'074.91
Properties		
Residential properties	123'060'000.00	110'790'000.00
Residential properties with floor-by-floor ownership	1'650'000.00	6'640'000.00
Mixed-use properties	12'160'000.00	35'300'000.00
Commercial properties	26'740'000.00	41'070'000.00
Building plots, including buildings to be demolished and properties under construction	-	-
Total properties	163'610'000.00	193'800'000.00
Other assets	1'808'258.38	1'586'868.96
Total assets	171'043'753.63	197'371'943.87
Liabilities		
Commitments		
Short-term commitments		
Short-term mortgage debt	0.00	14'130'000.00
Short-term other commitments	2'193'008.00	2'299'967.20
Long-term commitments		
Long-term mortgage debt	33'290'000.00	40'660'000.00
Long-term other commitments	0.00	0.00
Total liabilities	35'483'008.00	57'089'967.20
Net assets before estimated taxes due in case of liquidation	135'560'745.63	140'281'976.67
Provisions for taxes on unrealised gains	-1'372'095.00	-2'527'756.00
Net assets	134'188'650.63	137'754'220.67

Change in net assets

Change in net fund assets	CHF	CHF
Net fund assets at beginning of accounting period	112'957'366.46	138'679'280.64
Distribution	-1'600'972.80	-3'518'089.09
Balance of unit transactions	22'010'050.14	0.00
Total net income	822'206.83	2'593'029.12
Net fund assets at end of accounting period	134'188'650.63	137'754'220.67

Number of units redeemed and issued

Change in number of units

Position at beginning of period	1'000'608.00	1'200'713.00
Units issued	200'105.00	0.00
Units redeemed	0.00	0.00
Position at end of period	1'200'713.00	1'200'713.00

Net asset value per unit at end of period	CHF	111.75	114.75
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		30.06.2016	30.06.2017
		CHF	CHF
Additional information (Art. 68 CISO-FINMA)			
Balance of property depreciation account	CHF	0.00	0.00
Balance of provision account for future repairs	CHF	0.00	0.00
Number of units presented for redemption for the end of the following period		0	0

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Income statement

	From 01.01.16 to 30.06.16	From 01.01.17 to 30.06.17
	CHF	CHF
Income		
Rental income	3'283'674.20	4'024'284.52
Bank interest	5.47	0.00
Other income	0.00	0.00
Other rental income	30'947.05	15'994.64
Income equalization on units issued	211'610.11	0.00
Total income	3'526'236.83	4'040'279.16
Expenses		
Mortgage interest	166'391.50	245'706.86
Other interest expense	7.79	0.00
Maintenance and repairs	545'825.24	414'256.12
Property administration:		
a) Property costs (water, electricity, concierge services, cleaning, insurance, etc.)	202'822.36	280'904.90
b) Administration costs (professional fees and management expenses)	116'472.40	185'008.51
Direct taxes	745'797.92	669'650.33
Valuation and audit fees	60'461.30	55'812.50
Bank charges	16'394.36	26'275.41
Other expenses (publication, printing, legal costs, etc.)	31'061.70	9'741.50
Statutory compensation for the fund management company	523'585.56	620'898.70
Statutory compensation for the custodian bank	28'618.59	34'384.87
Allocation(s) to provisions for doubtful debts	8'952.19	3'284.64
Total expenses	2'446'390.91	2'545'924.34
Net income	1'079'845.92	1'494'354.82
Realised gains/losses on investments	540'183.82	757.30
Realised gain/loss	1'620'029.74	1'495'112.12
Unrealised gains/losses on investments (change)	-797'822.91	1'097'917.00
Profit/loss for the period	822'206.83	2'593'029.12
Allocation of net income		
	CHF	CHF
Realised gain/loss	1'620'029.74	1'495'112.12
Intermediary dividend	0.00	0.00
Retained earnings	3'517.85	3'131.00
Income available for distribution	1'623'547.59	1'498'243.12
Income payable to investors	1'623'547.59	1'498'243.12
Capital gains distribution	0.00	0.00
Income distribution	0.00	0.00
Income expected to be paid to investors	0.00	0.00
Carried forward	1'623'547.59	1'498'243.12

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Properties inventory

Rental properties

		Cost price in CHF	Estimated market value in CHF	Rent received ¹ in CHF	Gross yield ²
Residential Properties					
Tessin	Bellinzona				
	Via San Gottardo 58 a/b/c	8'734'152.38	10'000'000.00	289'815.32	6.17%
	Biasca				
	Via Quinta 53 à 59	8'775'227.09	9'950'000.00	259'312.10	5.24%
	Giubiasco				
	Viale C. Olgiati 20/1	5'329'554.60	6'300'000.00	155'733.00	5.41%
	Locarno				
	Via Nessi 38	8'913'002.95	10'480'000.00	273'082.40	5.40%
	Via Rovedo15-Via Pietro Romerio 12	9'157'366.93	10'460'000.00	299'579.90	5.85%
	Lugano				
	Via Beltramina 6 - 8 - 10	11'205'662.40	12'300'000.00	317'830.00	5.53%
	Via dei Faggi 23	10'074'203.60	10'700'000.00	240'117.00	5.14%
	Monte Carasso				
	Via Mundasc 2	27'817'148.48	27'700'000.00	632'809.40	4.41%
	Vacallo				
	Via Bellinzona 10-11	12'632'892.11	12'900'000.00	325'338.00	5.63%
	Totals	102'639'210.54	110'790'000.00	2'793'617.12	

Residential properties with floor-by-floor ownership

Locarno					
	Via In Selva 17	6'786'256.00	6'640'000.00	-	1.75%
	Totals	6'786'256.00	6'640'000.00	-	

Mixed-use properties

Tessin	Bellinzona				
	Via C. Ghiringhelli 18	4'991'779.42	5'400'000.00	99'270.20	4.27%
	Lugano				
	Via Antonio Fusoni 5	7'175'984.90	7'950'000.00	173'530.00	5.24%
	via Bagutti 26	11'530'608.92	11'800'000.00	283'050.00	5.07%
	Minusio				
	Via Rinaldo Simen 58	9'922'085.21	10'150'000.00	72'975.10	4.03%
	Totals	33'620'458.45	35'300'000.00	628'825.30	

Commercial properties

	Gambarogno				
	Via Luserte 2-4	11'430'984.95	13'600'000.00	267'111.45	5.40%
	Manno				
	Via Cantonale 27	6'199'163.35	6'070'000.00	86'945.90	5.22%
	Mendrisio				
	Via Stefano Franscini 10-12	20'451'519.30	21'400'000.00	247'784.75	4.43%
	Totals	38'081'667.60	41'070'000.00	601'842.10	

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Summary

	Cost price en CHF	Estimated market value en CHF	Rent received ¹ en CHF
Residential properties	102'639'210.54	110'790'000.00	2'793'617.12
Residential properties with floor-by-floor ownership	6'786'256.00	6'640'000.00	-
Mixed-use properties	33'620'458.45	35'300'000.00	628'825.30
Commercial properties	38'081'667.60	41'070'000.00	601'842.10
Totals	181'127'592.59	193'800'000.00	4'024'284.52

1. includes rent receivable

2. ratio between theoretical rental status and market value (for properties comprising a completed building/building in use)

Building fire value : 158'898'603.00 CHF

No tenant accounts with more than 5% of the total rental income of the fund (in accordance with paragraph 66 of the SFAMA guidelines on real estate funds)

Information on rate of vacant and building age

	Vacant rate	Building age in years
Bellinzona		
Via San Gottardo 58 a/b/c	5.66%	55
Via C. Ghiringhelli 18	17.64%	40
Biasca		
Via Quinta 53 à 59	0.45%	34
Gambarogno		
Via Luserte 2-4	6.11%	28
Giubiasco		
Viale C. Olgiati 20/1	12.82%	27
Locarno		
Via In Selva 17	100.00%	52
Via Nessi 38	5.05%	54
Via Rovedo15-Via Pietro Romerio 12	2.59%	47
Lugano		
Via Beltramina 6 - 8 - 10	4.89%	52
Via Bagutti 26	2.36%	47
Via dei Faggi 23	13.96%	28
Via Antonio Fusoni 5	14.78%	47
Manno		
Via Cantonale 27	33.63%	30
Minusio		
Via Rinaldo Simen 58	59.85%	22
Monte Carasso		
Via Mundasc 2	13.99%	23
Vacallo		
Via Bellinzona 10-11	11.30%	37

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List of asset purchases and sales

Purchases

Purchase price
in CHF

Commercial properties

Tessin	Gambarogno	
	Via Luserte 2-4	7'250'000.00
Tessin	Mendrisio	
	VIA STEFANO FRANSCINI 10-12	20'000'000.00
		<u>27'250'000.00</u>
	Totals	<u>27'250'000.00</u>

Forward sales

Five freehold apartments in the apartment block at Via In Selva 17 in Locarno have been sold under forward contracts. The deeds were signed in December 2016 and June 2017 in a total amount of CHF 3,235,000.00. The transfer of ownership for each of the freehold apartments will take place by the third by the third quarter of 2017.

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Analysis of mortgage debt

Short-term commitments below one year

Principal	Interest rate	Loan date	Maturity	Interest rate basis and frequency
in CHF	Annual			
14'130'000.00	1.100%	31.12.2013	31.12.2017	FIX

Long-term commitments from one to five years

Principal	Interest rate	Loan date	Maturity	Interest rate basis and frequency
in CHF	Annual			
2'000'000.00	0.500%	22.04.16	23.04.19	FIX
8'520'000.00	0.500%	18.05.16	20.05.19	FIX
3'000'000.00	0.600%	27.04.17	27.04.20	FIX
3'500'000.00	0.600%	18.05.17	18.05.20	FIX

Long-term commitment over five years

Principal	Interest rate	Loan date	Maturity	Interest rate basis and frequency
in CHF	Annual			
8'640'000.00	1.850%	30.06.14	01.07.24	FIX
15'000'000.00	1.300%	31.03.17	31.03.27	FIX

54'790'000.00 **1.099%** (weighted average rate)

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Information on the effective rate of remuneration and ancillary costs

		Maximum contractual rate	Rate applied
Remuneration of management company			
For management fee	§ 19 of the fund contract	1.00%	0.882%
For issuing commission	§ 18 of the fund contract	5.00%	1.50%
For redemption fee	§ 18 of the fund contract	5.00%	0.00%
For property purchases or sales	§ 19 of the fund contract	5.00%	from 0.47% to 4.50%
For property management	§ 19 of the fund contract	6.00%	from 3.50% to 4.50%
Remuneration of custodian bank			
For securities custody, unsecured mortgage certificates and real estate equities	§ 19 of the fund contract	CHF 125	CHF 125
For administration, settlement of payment transactions and supervision of the fund management company	§ 19 of the fund contract	0.05%	0.05%
For annual product paid to investors	§ 19 of the fund contract	0.50%	0.50%

Informations on commitments

Contractual payment undertakings on the day of the closing of the balance sheet for property purchases, construction mandates and investments in properties

On the day of closing of the balance sheet, the ongoing contractual payment undertakings for the construction mandates and the investments in property amounted to a total of almost CHF 1'840'371.16